

Message Text

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FM SECSTATE WASHDC
TO AMEMBASSY TOKYO

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E.O. 11652: N/A

TAGS: ETRD, JA

SUBJECT: SEMICONDUCTOR TRADE STUDY GROUP

1. THE EXECUTIVE BOARD OF THE SEMICONDUCTOR INDUSTRY ASSOCIATION (SIA) MET ON APRIL 25 IN CALIFORNIA AND ENDORSED FORMATION BY THE SIA OF A TRADE STUDY GROUP (TSG) PROGRAM FOR THE JAPANESE MARKET. THE BOARD UNANIMOUSLY AGREED ON THE IMPORTANCE OF EXPANDING EXPORTS TO JAPAN AND THE URGENCY FOR PROMPT ACTION. THE SIA TRADE POLICY COMMITTEE IS DELEGATED TO MANAGE THE TSG.

2. THE PROGRAM HAS TWO OBJECTIVES. ONE IS TO IDENTIFY SPECIFIC GOJ BARRIERS TO TRADE AND PRESENT THEM FOR REMEDY TO THE GOJ IN A FORMAL SESSION. THE SECOND IS TO IDENTIFY SPECIFIC MARKETING PROBLEMS OF US FIRMS IN JAPAN, WHICH THEY CAN REMEDY THEMSELVES.

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3. THE PROGRAM HAS TWO PHASES: FIRST, RESEARCH; THEN SECONDLY PRESENTATION FOR REMEDY. THE RESEARCH WILL BE CARRIED OUT BY A TEAM OF SECONDED EXECUTIVES FROM SIA MEMBER FIRMS, WORKING UNDER A FULL-TIME PROJECT MANAGER HIRED BY THE SIA. RESEARCH WILL BE CARRIED OUT BOTH IN THE US BY SIA AND IN JAPAN IN CONJUNCTION WITH THE

CHAMBER'S TRADE STUDY GROUP. THERE WILL BE JAPANESE PARTICIPATION, SUCH AS MITI, KEIDANREN, AND INDUSTRY REPRESENTATIVES. FORMAL PRESENTATION TO GOJ WILL BE MADE BY A JOINT SIA-USG TEAM, POSSIBLY INCLUDING A SENIOR USG REPRESENTATIVE, IF THIS PROVES FEASIBLE.

4. THE SIA BOARD AUTHORIZED FUNDING OF UP TO \$300,000 FOR THE PROGRAM, WITH APPROXIMATELY HALF EARMARKED FOR 1978 ACTIVITIES. SEVERAL CANDIDATES FOR THE SIA PROGRAM DIRECTOR HAVE BEEN IDENTIFIED AND ARE BEING INTERVIEWED. FINAL SELECTION IS EXPECTED IN A FEW WEEKS. MEMBER FIRMS' EXECUTIVES FOR SECONDMENT ARE ALSO BEING IDENTIFIED.

5. PRELIMINARY TIME SCHEDULE FOLLOWS: JUNE 1 FOR PROGRAM SET-UP; JULY FOR RESEARCH IN TOKYO; AUGUST FOR FINAL COMPILATION OF DATA AND RECOMMENDATIONS; AND SEPTEMBER FOR PRESENTATION TO GOJ IN TOKYO. THIS AMBITIOUS SCHEDULE HOPES TO TAKE ADVANTAGE OF THE PLANNED STRAUSS-USHIBA MEETING IN OCTOBER.

6. AREAS OF USG COOPERATION IN THIS PROGRAM ARE SPELLED OUT IN A LETTER OF APRIL 20 FROM FRANK WEIL TO THE SIA BOARD MEMBERS, WHICH WAS INSTRUMENTAL IN GAINING THEIR ENDORSEMENT OF THE PROGRAM. THIS LETTER STATES "I BELIEVE THAT A SEMICONDUCTOR STUDY GROUP HAS GREAT POTENTIAL BOTH TO ASSIST THE OBJECTIVES OF THE TFC AND TO COME

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TO GRIPS WITH THE JAPANESE CHALLENGE TO YOUR OWN INDUSTRY. PLEASE BE ASSURED THAT WE WILL SUPPORT YOUR EFFORT BOTH IN WASHINGTON AND TOKYO. IN PRINCIPLE, WE WOULD BE WILLING TO PROVIDE THE FOLLOWING ASSISTANCE:

A. SEEKING CLARIFICATION FROM THE JUSTICE DEPARTMENT OF THE LEGAL ISSUES INVOLVED IN CONDUCTING SUCH A STUDY, PARTICULARLY THOSE RELATED TO ANTITRUST AND PUBLIC ACCESS TO INFORMATION OBTAINED BY THE STUDY GROUP;

B. COOPERATION IN YOUR DATA GATHERING PROCESS;

C. FULL STAFF ASSISTANCE FROM THE EMBASSY IN TOKYO; AND

D. AFTER COMPLETION OF THE STUDY, OFFICIAL APPROACHES TO THE JAPANESE GOVERNMENT SEEKING REMEDIES FOR IDENTIFIED TRADE BARRIERS.

IN ADDITION, WE COULD ENSURE THAT AS INFORMATION IS DEVELOPED ON IMPORT BARRIERS BEING DISCUSSED IN THE MTN, WE WOULD USE IT AS APPROPRIATE IN THE MTN."

7. A DETAILED DRAFT OF THE SIA PROGRAM IS BEING PREPARED IN CALIFORNIA AND COPY WILL BE AIRMAILED TO EMBASSY C/O BOB KLEIN WHEN COMPLETED, ALONG WITH SUPPLEMENTARY MATERIALS AND A COPY OF WEIL LETTER IS BEING SENT TO KLEIN. ROBERT NOYCE, CHAIRMAN OF INTEL AND OF THE SIA TRADE POLICY COMMITTEE, WILL ALSO BE PRESENTING THIS PLAN IN TESTIMONY BEFORE THE STEVENSON SUBCOMMITTEE ON MAY 17. CHRISTOPHER

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